



Financial Sector
Conduct Authority

SERVICE LEVEL COMMITMENT

CONDUCT OF BUSINESS SUPERVISION DIVISION

IN RESPECT OF FINANCIAL INSTITUTIONS

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Approved by: _____

Kedibone Dikokwe

Divisional Executive: Conduct of Business Supervision

1. PURPOSE

The purpose of this document is to outline the services rendered by the Conduct of Business Supervision (COBS) as defined in the Schedule below on an activity basis and to enhance the delivery thereof, to ensure that all the services will be carried out within the prescribed period provided and all the necessary information has been received.

2. THE FINANCIAL SECTOR CONDUCT AUTHORITY

- 2.1 The Financial Sector Conduct Authority (FSCA) was established in terms of section 56 of the Financial Sector Regulation Act, No 9 of 2017 (FSR Act).
- 2.2 The objective of the FSCA is to:
 - 2.2.1 Enhance and support the efficiency and integrity of financial markets.
 - 2.2.2 Protect financial customers by -
 - 2.2.2.1 Promoting fair treatment of financial customers by financial institutions; and
 - 2.2.2.2 Providing financial customers and potential financial customers with financial education programs and otherwise promoting financial literacy and the ability of financial customers and potential customers to make sound financial decisions; and
 - 2.2.3 Assist in maintaining financial stability.

- 2.3 In order to achieve its objective, the FSCA must, inter alia, regulate and supervise, in accordance with the financial sector laws, the conduct of financial institutions.
- 2.4 The FSCA must also perform any other function conferred on it in terms of any other provision of other legislation which includes the duty to supervise and enforce compliance with the Financial Intelligence Centre Act, No 38 of 2001 (FIC Act) by all accountable institutions regulated or supervised by it.

3 CONDUCT OF BUSINESS SUPERVISION DIVISION

- 3.1 The Conduct of Business Supervision Division (COBS) carries out ongoing supervision of the business of all supervised entities, with an emphasis on promoting fair treatment of financial customers, other than retirement funds and market infrastructures and certain other participants in the financial markets.
- 3.2 Focus is on supervision throughout the relevant product lifecycle, including actual product design and customer targeting and all stages of post-sale services.
- 3.3 The division is structured into six departments:

3.3.1 Supervision: Banks and Payment Providers

Responsible for supervising the conduct of entities licensed to issue banking products and entities authorised to facilitate and provide payment services.

3.3.2 Supervision: Insurers

Responsible for supervising the conduct of entities licensed for issuing insurance products.

3.3.3 Supervision: Micro and Access Product Institutions

Responsible for supervising the conduct of micro-insurers and financial services entities operating in the “micro” or “access product” space. For these purposes, “access products” includes micro-insurance policies, funeral policies (including funeral policies sold by traditional insurers), and products offered by Friendly Societies, Co-operative Banks and Co-operative Financial Institutions. The department is also responsible for providing capacity building to smaller financial institutions.

3.3.4 Supervision: Financial Advisers and Intermediaries

Responsible for supervising the conduct of entities licensed to render financial advisory and intermediary services, and entities who are authorised for the activity of product sales and execution on a non-advice basis, where the entity is not also authorised for the actual issue of the products concerned.

3.3.5 Supervision: Investment Providers

Responsible for supervising the business conduct of a range of financial institutions authorised for various activities in relation to investments. Activities concerned include:

- Providing a pooled investment
- Discretionary investment management
- Investment platform administration
- Investment administrators

3.3.6 Supervision: Anti-money laundering / Counter-financing of terrorism

Accountable for carrying out the FSCA's supervisory and enforcement functions under the FIC Act.

4 APPLICATION

This Service Level Commitment (SLC) applies to activities carried out in terms of the FSR Act, the FIC Act, the Long and Short-term Insurance Acts, the Collective Investment Schemes Control Act ("CISCA"), the Financial Advisors and Intermediary Services Act ("FAIS Act"), the Friendly Societies Act and relevant subordinate legislation issued under these Acts.

5 AGREED PERIODS

The SLC applies to services rendered by COBS from 1 April 2023 and will be reviewed from time to time as and when there are changes to the procedures or additional services required to be rendered by COB.

6 GENERAL

- 6.1. This SLC document serves as an undertaking by COBS and it is not intended to be and should not be construed in any manner or form as a legally binding prescription or regulation.
- 6.2. It is not legally enforceable and does not create any legal rights, substantive or procedural, nor impose any legally binding obligations on COBS.

- 6.3. COBS expressly reserves the right to vary the period stipulated in the SLC document at its sole discretion, without notice to any person.
- 6.4. COBS endeavors to meet the timelines committed in the SLC, but exceptions may occur depending on the circumstances of the matters.
- 6.5 Where reference is made to “days”, it must be construed as business days (excluding weekends and public holidays).
- 6.6 Applications / requests / notifications etc. must be complete in terms of regulatory requirements to be considered as having been received.
- 6.7 SLCs start running from the date of receipt of the complete submission. Timelines stop running if further engagements are required, with parties, outside of the FSCA and resume after those engagements are completed.

7 COBS SERVICE LEVEL COMMITMENT SCHEDULE

ACTIVITY	Enabling Provision	Service	Commitment	TARGET AUDIENCE (AFFECTED SECTOR)
ONSITE & OFFSITE INSPECTIONS				
Inspection notice	Section 132(1) of the FSR Act & 45B (1D) of the FIC Act	Issue notice to conduct a supervisory inspection at the premises of financial institution	At least 10 business days before inspection commences	FSPs CIS managers Insurers Micro insurers Banks and payment providers Co-operative banks & Co-operative

				Financial Institutions (CBIs) Friendly Societies
Feedback to inspected institution	N/A	Communicating the outcome of the inspection with the inspected institution	120 business days from date of conclusion of the inspection	FSPs CIS managers Insurers Micro insurers Banks and payment providers CBIs Friendly Societies
SUPERVISORY ENGAGEMENTS				
Agenda and meeting Notification Letter	N/A	Following the issuing of the supervisory engagement plan, Banks and Payment Providers must be issued with a meeting notification letter and agenda.	At least 20 business days prior to scheduled date of the meeting	FSPs CIS managers Insurers Micro insurers Banks and payment providers CBIs Friendly Societies
Meeting Feedback Letter / Management Letter to the Institution	N/A	Communicate and highlight silent material issues discussed during the meeting and note requests by both the institution and the FSCA	60 business days from date of the meeting.	FSPs CIS managers Insurers Micro insurers Banks and payment providers CBIs Friendly Societies
EXTENSIONS				
	Section 279 of the FSR Act & section 3 of the Financial Advisory and Intermediary Act,	Processing of extension requests	30 business days from date of receipt of the extension request	CIS Managers Insurers FSPs

	no 37 of 2002 (FAIS Act)			
EXEMPTIONS				
	Section 281 of the FSR Act; section 44 of the FAIS Act & Section 22 of CISCA	Processing of exemption applications	120 business days from date of receipt of the full exemption application	Insurers FSPs CIS Managers
NOTIFICATIONS				
	Section 5(9) of the Insurance Act 18 of 2017 Applications	Application to use the name 'insure' 'assure' or a derivative thereof.	30 business days from date of receipt of the full application	Insurers
	Various in the Short and Long-Term Insurance Acts and subordinate and supporting legislation and FSR Act which includes but is not limited to: Notification of the intention to terminate a Group Scheme Policy in terms of Rules 20.2.4 and 20.3.1 of the Long-Term Insurance Act(LTIA) Policyholder Protection Rules(PPRS) and Rules 19.2.4	Applications and notifications from insurers	120 business days from date of receipt of the full notice	Insurers

	<p>and 19.3.1 of the Short-Term Insurance Act (STIA) PPRs; Notification of certain arrangements to pay remuneration to an independent intermediary or representative for a service, function or activity other than a service, function or activity other than services as intermediary or a binder function; Notification of the termination of a binder agreement as contemplated in regulation 6.6(2) of the Regulations under the LTIA and STIA, respectively; Application for approval to pay a binder holder a fee in excess of the fees referred to in Regulation 3.21(2) of the LTIA Regulation</p>			
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	<p>5.8(2) of the STIA Regulations; Notification of a proposed binder agreement in terms of Regulation 6.6(1) of the Regulations made under the Long-term Insurance Act, 1998 (LTIA) and Short-term Insurance Act, 1998 (STIA); Notification in terms of 19.2.5 of the LTIA PPRs; Notification in terms of Regulation 7.6(1) of the Regulations made under the LTIA and STIA</p>			
	<p>Section 14(1) of the Friendly Societies Act, No 25 of 1956 (FS Act)</p>	<p>Friendly Societies Amendments</p> <p>Should the analyst raise concerns about the rule amendment, a letter or an e-mail can be sent to the society. When the Analyst is satisfied with the rule amendment, a letter and a</p>	<p>30 business days from date of receipt of the notification</p>	<p>Friendly Societies</p>

		stamped copy of the rule amendment should be sent to the friendly society.		
	Sections 17(4) and 19(4) of the FAIS Act	Irregularity reports Processing the reported irregularity	60 business days from date of receipt of the irregularity report	FSPs
STATUTORY RETURNS				
	Section 22(1) of the FS Act	Financial statements Capture and analyse the financial statements	30 business days from date of receipt of statutory return	Friendly Societies
	Section 19(2) of the FAIS Act	Financial statements, analyze the financial statement	120 business days from date of receipt of statutory return	FSPs
GENERAL ENQUIRIES				
	N/A	Processing general enquiries received from any parties outside of the FSCA	90 business days from date of receipt of the enquiry from the business centre and/or party making the enquiry	Insurers
COMPLAINTS				
	Long Term Insurance Act, no 52 of 1998 (LTIA) and its subordinate legislation, such as the Regulations issued under the LTIA and the PPRs. Conduct Standard 3 of	Complaints against licensed micro insurers, licensed insurers offering funeral policies, registered friendly societies, co-operative banks and co-operative financial institutions (CBIs). An analysis of the complaint is conducted in order to establish the nature of the possible	90 business days from date of receipt of the complete complaint from the business centre and/or complainant	Insurers/Micro-insurers, Friendly societies/CBIs / Banks and Payment Providers

	2020 Banks (Conduct Standard for Banks) FS Act, Friendly Societies Act, No.25 of 1956.	<p>contravention of the Act, if any.</p> <p>Should it be found that there is a possible contravention of legislation; the supervised entity that is potentially in breach of legislation is contacted. The supervised entity will then be required to respond to the complaint within given timeframes.</p>		
OTHER APPLICATIONS				
Offshore Insurance Placements (OSIP)	Section 8 (2)(d) of the Short-term Insurance Act, No.53 of 1998	The Sect 8(2)(d) process on OSIP is used where the intermediary (registered FSP in South Africa) assists the policyholder with the placement of insurance offshore and all the relevant documentation must be uploaded on OSIP. There is a fee payable for processing of the application.	30 business days from receipt of the complete application	Insurers
Mag Plate Insurance (MPI)	Directive 149A of the Short-Term Insurance Act, No 53 of 1998	The MPI process is used when the policyholder does not make use of an intermediary and approaches a bank. The application form and required documentation gets sent to the inbox of the responsible analyst directly via e-mail by the bank's exchange control department. No fee is payable to the Authority for	30 business days from receipt of the complete application	Insurers

		processing of an MPI application.		
Notification of products	Rule 2A.11 of the Long-term PPRs and Rule 2A.12 of the Short-term PPRs	Liaise with the Insurer and manage expectations with regard to timelines. Where there are issues to be raised regarding the product, draft a response to be sent to the insurer through an e-mail. Where there are no compliance issues with the product, or where the insurer has addressed any issues raised, send an e-mail to the insurer confirming closure of the matter.	31 days before the launch date	Micro insurers/
Concurrence requests from the Prudential Authority	Section 126(1)(a) of the FSR Act	Concurrence Requests from Prudential Authority	90 business days from date of receipt of full application/request	Insurers/Micro-insurers
Application for additional portfolio	Section 42 read with section 98 of CISCA	Assessment of an application for an additional portfolio other than the first third party named portfolio	25 business days	CIS Managers
Application for additional portfolio	Section 42 read with section 98 of CISCA	Assessment of an application for more than one additional portfolio up to a maximum of 10 portfolios submitted at the same time	40 business days	CIS Managers
Application for additional portfolio	Section 42 read with section 98 of CISCA and Notice 778 of 2011	Assessment of an application for first third party named portfolio	35 business days	CIS Managers

Application for additional sub-fund	Section 65 of CISCA read with BN 257 of 2013	Assessment of an application for an additional sub-fund of a foreign collective investment scheme	45 business days	Foreign Collective Investment Schemes
Application for additional sub-fund	Section 65 of CISCA read with BN 257 of 2013	Assessment of an application for more than one additional portfolio of a foreign collective investment scheme up to a maximum of 10 portfolios submitted simultaneously (applications in excess of 10 portfolios need to be arranged separately)	60 business days	Foreign Collective Investment Schemes
Amendments to local and foreign CIS portfolios	Section 65 and 98 of CISCA read with BN 257 of 2014	Assessment of an application for amendment of existing local portfolios and foreign sub-funds	45 business days	CIS Managers and Foreign Collective Investment Schemes
Termination of local CIS Portfolios	Section 98 of CISCA	Assessment of an application for the closure of an existing portfolio that has not been launched or no investors	25 business days	CIS Managers
Termination of local CIS Portfolios	Section 102 of CISCA	Assessment of an application for winding up of one portfolio in terms of section 102	25 business days	CIS Managers
Termination of local CIS Portfolios	Section 102 of CISCA	Assessment of an application for winding up of more than one portfolio up to a maximum of 10 portfolios submitted simultaneously in terms of section 102 (applications in excess of 10 portfolios need to be arranged separately by the applicant with the FSCA)	40 business days	CIS Managers

Amalgamations	Section 99 of CISCA	Assessment of an application for amalgamation of portfolios	70 business days	CIS Managers
Suspensions	Section 97(30) of CISCA	Application for suspension of provisions of deed	60 business days	CIS Managers
REGULATORY ACTION				
Debarments	Sections 4(2), 4(3) and 4(4) of the FAIS Act	Notice to furnish information to the authority	14 business days' notice to respond	FSPs
	Section 153 of the FSR Act	Debarments: processing of cases of debarment of persons to be confirmed.	150 business days	FSPs
	Section 154(2) of the FSR Act	Invitation to a person to make submission in respect of an issued draft debarment order	30 business days	FSPs
	Section 153(7) of the FSR Act	Publication of a debarment order	Date of debarment	FSPs
	Section 14 ¹ A of the FAIS Act and 153 of FSR Act	Removal from the register of debarred persons (either debarred by FSBs in terms of section 14A of the FAIS Act or the FSCA in terms of section 153 of the FSR Act) including the withdrawal or suspension of debarment Orders as per decisions by the Tribunal	Date of expiry of a debarment period	FSPs
Suspensions	Section 9(4)(a)(i) of the FAIS Act	Lifting of a suspension of a license if all the terms have been complied with	7 business days from confirmation that all terms have been complied with	FSPs
Withdrawals	Section 9(2)(ii) of the FAIS Act	Notice of intention to suspend or withdraw the license	14 business days from date of	FSPs
	Section 9(4)(b) of the FAIS Act	Publication of the terms and reasons of the	On the date of decision	FSPs

¹ Section 14A of the FAIS Act was repealed and replaced by section 153 of the FSR Act

		suspension, lifting of a suspension or a withdrawal		
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